

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Early Efforts by States to Monitor
Outcomes of Welfare Reform**



**JUNE GIBBS BROWN
Inspector General**

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OFFICE OF INSPECTOR GENERAL

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EXECUTIVE SUMMARY

PURPOSE

To examine State efforts in measuring outcomes of the Personal Responsibility and Work Opportunity Reconciliation Act.

BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (P.L. 104-193) replaced the Aid to Families with Dependent Children entitlement program with Temporary Assistance for Needy Families (TANF) block grants to the States. This legislation also altered the framework for welfare policy by emphasizing program outcomes over process measures and by devolving the responsibilities of welfare administration from the Federal Government to the States.

While PRWORA does not require States to develop client-based outcome measures, many States have begun developing outcome measures to understand the effects of their programs. With a 41 percent drop in the welfare rolls, from 14 million recipients in January 1993 to 8.4 million recipients in June 1998, policy makers and the public want to know what is happening to families that go off the rolls.

We asked State administrators how they were assessing outcomes of their TANF policies on the children and families in their State. For purposes of final analysis, we defined an outcome indicator as any client-based outcome measure at the point of exit from TANF or beyond. We also made a distinction between what States are tracking through administrative data versus more formal evaluations.

This inspection is descriptive. We made no attempts to assess the validity or reliability of the outcome indicators used by the States. We also did not attempt to assess the methodology of State evaluations. However, this inspection does begin to examine whether States will be able to measure outcomes of welfare reform on individuals and whether systems are being developed to accomplish the task of measuring outcomes. These are questions that the Congress, State legislatures and the media have been consistently asking and writing about.

FINDINGS

Two-thirds of the States are beginning to use administrative data that track the short-term outcomes of former TANF clients.

All States are required by PRWORA to measure the participation in work activities by current TANF clients, however, 34 States are beginning to measure the outcomes of former TANF clients. Most of these States are focusing on the areas of economic self-sufficiency (e.g. job retention, employment, earnings and job benefits) and welfare dependency (e.g. recidivism and use of other government programs). Only a few are beginning to look at outcomes that measure areas such as child well-being and family well-being. The outcomes measured by administrative data can be limited by the availability and quality of the data and the definitions of outcomes used by States.

Almost all States are planning or beginning to conduct evaluations examining the outcomes of TANF families and children; however, evaluations vary widely in scope and methodological rigor and few results are currently available.

Thirty-eight States are currently conducting some type of evaluation that examines the outcomes of children and families. The majority of these evaluations are in the early implementation phase of the evaluation. Typically, evaluations are designed to provide administrators with a more complex analysis of the effect of TANF and a broader range of outcome measures for a wider selection of the former caseload.

The evaluations that States are conducting or planning range widely in scope and methodological rigor. Their scope ranges from one-time surveys to longitudinal studies that track a random sample of clients. Currently, only 12 States have evaluations that use an experimental design; the majority of evaluations simply gather a broad range of client outcomes.

Few States believe their current efforts to monitor outcomes of welfare reform are sufficient.

Only 10 States believe their current efforts to monitor outcomes of their welfare reform programs to be sufficient. Of these 10 States, 5 used both evaluations and administrative data to track client outcomes, while the remaining 5 States used either evaluations or administrative data to monitor outcomes of welfare reform. There appears to be little relationship between the breadth of State efforts to monitor outcomes of welfare reform and respondents' beliefs in the sufficiency of information they are currently collecting.

ISSUES FOR FURTHER CONSIDERATION

This inspection documents States' efforts to assess the outcomes of their TANF programs at this early stage of implementation. It is intended to provide a foundation for future research efforts. Issues for future consideration include:

- ▶ exploring the capacity of States to track outcome measures using their administrative databases,
- ▶ validating the data used for the outcome measures,

- ▶ reviewing the quality and scope of States' evaluations, and,
- ▶ assessing the breadth and depth of a State's overall efforts to measure outcomes of welfare reform.

By answering these research questions, we will know if States have been successful, not only in cutting back the welfare rolls, but also in improving the lives of low-income children and families. As one of the agents in the Department responsible for overseeing program effectiveness and beneficiary protection, the Office of Inspector General is vitally interested in knowing if States have established appropriate client outcome measures.

AGENCY COMMENTS

We received comments from the Administration for Children and Families (ACF), the Assistant Secretary for Planning and Evaluation (ASPE) and the Assistant Secretary for Management and Budget (ASMB). Their comments are included in Appendix A. We made revisions to the report based on their comments.

Both ACF and ASPE suggested that to ensure that people do not infer that States are conducting studies that can causally link the efforts of welfare reform and the outcomes of clients, we limit our use of the word "impact." In our draft report, we defined the word "impact" broadly to encompass all client-based outcomes associated with TANF intervention and not only those results which could be proven to be causally linked to TANF through the use of experimental methodology. We agree that this could be confusing, so to limit that problem we have replaced the word "impact" with "outcomes" in our report.

The ASMB pointed out that authority for the administration of welfare reform programs rests with the States and that they may be understandably reluctant to volunteer "un-mandated" data that is not yet universally accepted as reflecting necessary and appropriate outcomes. However, noting that alternative measures are feasible and are being tested, ASMB suggested that the Department of Health and Human Services' participation in program assessment may appropriately involve facilitating the collaboration of State and Federal stakeholders rather than the traditional forms of oversight. We agree with this observation, and it is in that spirit that we offer this report.

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INTRODUCTION

PURPOSE

To examine State efforts in measuring outcomes of the Personal Responsibility and Work Opportunity Reconciliation Act.

BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (P.L. 104-193) replaced the Aid to Families with Dependent Children (AFDC) entitlement program with Temporary Assistance for Needy Families (TANF) block grants to the States. The TANF program requires States to meet increasing work participation goals and places a lifetime limit of 5 years on benefits. This legislation also altered the framework for welfare policy by emphasizing program outcomes over process measures and by devolving the responsibility of welfare administration and tracking from the Federal Government to the States.

Welfare Reform Outcome Measures

Under AFDC, States were required to collect information on many aspects of the program's performance. Most of the measures used by the Administration for Children and Families (ACF) to judge the compliance of States in administering AFDC emphasized process goals such as whether applications were processed timely or cash benefits were accurate. The Government Performance and Results Act of 1993 (P.L. 103-62) shifted this departmental focus from process and output measures to outcomes and program effectiveness. The PRWORA continued this emphasis on outcomes by establishing four basic goals. The four goals outlined in the legislation are:

- ▶ providing assistance to families so that children may be cared for in their own homes or in the homes of relatives;
- ▶ ending dependence on government assistance by promoting job preparation, work and marriage;
- ▶ preventing and reducing out-of-wedlock births; and,
- ▶ encouraging the formation and maintenance of two parent families.

Besides establishing these basic goals, PRWORA specified that States had to meet steadily rising work participation requirements for their clients along with establishing numeric goals for reducing illegitimacy.

Congress established a “high performance” bonus and an “illegitimacy” bonus to reinforce these legislative goals. These bonuses offer financial rewards to top performing States. Proposed regulations for the illegitimacy bonus, issued on March 2, 1998, outline a plan to distribute \$100 million a year amongst the States demonstrating the largest decreases in out-of-wedlock childbearing while simultaneously reducing their abortion rates. Regulations have yet to be published regarding the high performance bonus. However, ACF did issue guidance on the high performance bonus in March 1998. Additional guidance on the high performance bonus was issued in August 1998. For Fiscal Year 1998, the interim formula weighs job placement, job retention and wage progression.

While PRWORA does not require States to develop client-based outcome measures, many States have begun developing outcome measures to understand outcomes of their programs. However, States are at different stages of implementing these measures as well as their TANF programs.

Currently, most of the public discussion regarding outcomes of welfare reform focuses on reducing welfare caseloads and getting clients into jobs. However, many people are beginning to question whether these are the only outcomes that should be used to measure outcomes of welfare reform. An article by a group of senior welfare administrators stated that “these two criteria [reducing welfare caseloads and getting clients into jobs] alone are not sufficient to measure the success of welfare reform.” They suggest that States’ initial areas of concern should include welfare dependency, self-sufficiency, economic well-being and parental responsibility. They believe that ultimately States should measure child well-being, parent well-being, family well-being, community involvement, economic development and family formation in order to understand the broader context in which welfare reform occurs. Many others also believe that more needs to be known to gauge outcomes of welfare reform.

Federal Responsibilities

The PRWORA also represents a major shift in the roles and responsibilities of the State and Federal Governments. While the Federal Government retains some measure of oversight, much of the accountability for policy decisions now rests at the State level. The new law limited Federal regulatory and approval authority to provide States with the authority and flexibility to set their own policies. It did, however, leave the Department with some responsibility for tracking State performance.

The oversight role of ACF changed considerably with the passage of PRWORA. With the devolution of program design and responsibility to the States through the block granting of all funds to the State, States are now responsible for measuring outcomes of their programs. The ACF, however, maintains oversight responsibilities and must present an Annual Report to Congress on TANF. The first Annual Report to Congress was released on August 5, 1998.

In November 1997, ACF issued proposed regulations to cover the work, accountability and data collection and reporting provisions of the new TANF program. These regulations detail how States will collect data, how penalties will be assessed and define how participation rates will be determined. Currently, ACF is reviewing comments received on the proposed regulations. In the interim, States are reporting on a basic set of data elements covered by the Emergency TANF Reporting Requirements.

To encourage this development of State level accountability, the Department has funded 23 evaluations in 20 States to continue or modify evaluations of welfare reform efforts begun under waivers. In addition, both ACF and the Assistant Secretary for Planning and Evaluation (ASPE) are working with States to evaluate the impact of welfare reform on child well-being. The ASPE is also funding numerous studies looking at outcomes of families that are being diverted from or leaving TANF.

METHODOLOGY

The goal of this study was to gather descriptive data on how States are measuring outcomes of their TANF programs at this early stage of implementation. To do this, we conducted a telephone survey of all 50 States plus the District of Columbia (hereafter referred to as the States) from March 1998 to June 1998. The surveys were administered to a representative of the TANF agency appointed by the head of that agency. We asked these administrators how they were assessing outcomes of their TANF policies on the welfare of the children and families in their State. We asked for current and planned outcome indicators, as well as any other efforts the State was involved in, to gather information regarding outcomes of their programs.

We also conducted onsite visits in Oregon, Mississippi, Ohio, Connecticut, Massachusetts and North Dakota. These sites were selected to represent a county run program, high and low levels of overall block grant per caseload and longest running TANF programs. In the States we visited, we interviewed the head of the human services department, the head of the TANF agency, county directors, front-line workers and an advocate group to more fully understand the implementation and use of outcome indicators throughout the organization.

In addition to our survey work, we gathered additional information on States through their web sites. We also interviewed knowledgeable organizations such as the National Governors' Association, American Public Human Services Association, Welfare Information Network, Center for Legal and Social Policy and the General Accounting Office.

For purposes of final analysis, we defined an outcome indicator as any client-based outcome measure at the point of exit from TANF or beyond. We also made a distinction between what States are tracking through administrative data versus more formal evaluations. Tracking consisted of following an outcome measure on a routine basis through access to one or more administrative databases. Evaluations were anything from a simple, one-time telephone survey to more complex studies looking at longitudinal outcomes of a cohort of clients.

SCOPE

This study is descriptive. We made no attempts to assess the validity or reliability of the outcome indicators used by the States. We also did not attempt to assess the methodology of State evaluations. In addition, we did not review whether States were measuring work participation by TANF clients. However, this inspection does begin to examine whether States will be able to measure outcomes of welfare reform on individuals and whether systems are being developed to accomplish the task of measuring outcomes.

We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Two-thirds of the States are beginning to use administrative data that track the short-term outcomes of former TANF clients.

All States are required by PRWORA to measure the participation in work activities by current TANF clients. Thirty-four States are beginning to measure client outcomes at the point of exit from TANF and beyond. In many cases, the measures used by the States to examine outcomes only look at short-term results and do not examine longer term effects. Most of these States are focusing on the areas of client self-sufficiency and welfare dependency. A few are beginning to look at outcomes that measure areas such as child well-being and family well-being. In a majority of States measuring the outcomes of former TANF clients, their measures were developed internally by the agency responsible for implementing TANF.

State use of client based outcomes

All States are required by PRWORA to report on participation rates by TANF clients in work activities. Although not required, almost all States measure some type of process or output measures such as: number of new cases, percent of TANF cases receiving child support and payment accuracy. In addition to process or output measures, 34 States reported measuring at least one client-based outcome measure.

Many of the client-based outcome measures that States use are primarily focused on aspects of a client's self-sufficiency. For example, 25 States measure some indicator of economic self-sufficiency (See Table 1). States measure these indicators anywhere from 30 days to 18 months after the client has left the TANF program. The other predominate area measured through administrative data are those indicators looking at welfare dependency. Sixteen States use their administrative data to measure welfare dependency (See Table 1). Eleven States use at least one indicator measuring both economic self-sufficiency and welfare dependency.

Table 1

Client-Based Outcome Measures	
Type of Outcome Measure	# of States
Economic Self-Sufficiency	25*
- <i>Job Retention</i>	12
- <i>Employment</i>	9
- <i>Earnings & Wages</i>	9
- <i>Job Benefits</i>	5
Welfare Dependency	16
- <i>Recidivism</i>	14
- <i>Use of Government Programs (e.g. food stamps and Medicaid)</i>	3

*States can use more than one outcome measure

Only a few States are beginning to use administrative data to look at outcome indicators that go beyond client self-sufficiency and welfare dependency. Two such measures are child well-being (child health, education and social development) and family well-being (families' ability to provide a healthy, supportive and safe environment). One way in which these States are gathering information about these indicators is through the use of data matching with other administrative data systems. States use Unemployment Insurance data to understand how much former TANF clients are earning. Other systems that are beginning to be used include child welfare and the new hire database. Through the use of these data matches, States are trying to get a universal picture of what is happening to their former clients.

However, administrative data is only as good as the information initially entered and is limited to what is collected for the administration of the program for which the system was created. In addition, as States report the results from their administrative data, the definitions used by States may differ.

State development of outcome measures

In 20 of the 34 States using client-based outcome measures, these measures were developed internally by the agency responsible for TANF or in consultation with the Governor's office. In some cases, the State agency used focus groups with stakeholders including advocacy groups to help define the outcome measures that would be used. Another State brought in outside help from the local universities to help them define what outcomes they should measure.

In the remaining 14 States, State legislatures were directly or indirectly involved in the development or use of client-based outcome measures. When a State legislature was directly involved, this involvement consisted of mandating in the State's welfare reform legislation what outcomes would be measured. For example, Minnesota's State legislature required seven performance measures that included job retention and recidivism as well as caseload reduction and cost of job placement into an unsubsidized job. Another State legislature mandated that the TANF agency assess child well-being in the homes of families terminated from TANF due to time limits.

Where the legislatures were indirectly involved in setting the outcome measures, the legislature usually set up an advisory council or task force that developed goals and measures for impact. In some cases their involvement was more general in that they mandated that the TANF agency develop measures that were focused on outcomes.

Almost all States are planning or beginning to conduct evaluations examining the outcomes of TANF families and children; however, evaluations vary widely in scope and methodological rigor and few results are currently available.

Thirty-eight States are currently conducting some type of evaluation examining the outcomes of their TANF program on children and families. Ten more States have plans to begin evaluations on client outcomes in the near future. Of the 34 States using administrative data to track client outcomes, 27 are supplementing that information with evaluations. Typically, evaluations are designed to provide administrators with a more sophisticated understanding of their program's impact. They offer a more complex analysis of client outcomes, track a broader range of outcome measures and indicators, and collect information on a wider selection of former or diverted cases.

While States have initiated numerous evaluation efforts, most are currently in the planning or early implementation phases. Only a handful of State evaluations have issued findings, even on an interim basis. Thus, the information generated from evaluations that TANF administrators currently have at their disposal is limited. However, several States are planning on issuing interim reports based on their evaluations even for studies scheduled to last several years.

The evaluations that States are conducting or planning range widely in scope. They range from simple one-time surveys to assess outcomes of a specific policy or pinpoint a problem to highly complex, longitudinal studies that track a random sample of clients on a variety of outcomes. Louisiana is conducting a simple, one-time phone survey of the last 1,000 clients to leave the rolls in order to find out why clients are leaving the rolls and how they are doing. On the other end of the spectrum, Illinois is leading a consortium of universities to craft a longitudinal study to assess outcomes of TANF on large versus small cities, urban versus rural populations, different racial groups, family structure, welfare cycling and other public systems.

Evaluations also vary widely in their methodological rigorousness. The majority of evaluations are designed to simply gather a broad range of client outcome information. Only 12 States have evaluations that utilize an experimental design. By establishing control groups, experimental methodologies attempt to establish causality from program intervention to client outcomes by holding extraneous factors constant.

The impetus for evaluations usually arises out of the TANF agency or the broader human services department. Program administrators (ultimately responsible for answering to the public, the press and State legislatures) have a vested interest in finding out outcomes of their programs. On the other hand, in some States, the legislature has taken the initiative and mandated that an evaluation be undertaken. In these instances, it is typical for the legislature to set up an advisory group to plan the evaluation or to outline for the TANF agency the broad areas of concern they would like addressed. Generally, the State legislatures want a picture of what happens to clients once they go off the rolls, including such topics as job placement, job retention and child and family well-being. For example, the Arkansas legislature requires an independent evaluation with biannual

reports. The law requires that the evaluation look at nine items including the effect on children, job training and business participation.

Evaluations capture a wider selection of former TANF cases

State administrators turn to evaluations to look at clients that cannot be tracked through administrative databases. Administrative data is limited, with the exception of Unemployment Insurance data, to those clients still receiving services from a State agency. Therefore, administrators turn to evaluations to gather information on former clients who no longer show up on government databases, clients who have been sanctioned off the program, applicants who applied but never entered the system and clients diverted by front-end services provided by the State.

Over half the States are attempting to monitor outcomes by conducting longitudinal surveys that track a cohort of clients from 1 to 5 years. For example, Mississippi is tracking a sample of closed cases over a three year period to ascertain the long-term employment experience of the adult members of the case. This evaluation will also cover housing status, benefit history, educational status of adults and children and health status.

In addition to longitudinal evaluations, eight States are currently surveying diverted, denied or sanctioned cases. States assessing outcomes of sanctions typically utilize surveys to obtain information regarding the impediments that caused the sanctions, the client's understanding of State sanction policy and any financial hardships caused by the sanction. Michigan is planning a more in-depth assessment of sanctioned cases with the help of the Department of Community Health. Local health department nurses will conduct home visits to all sanctioned cases to assess child well-being indicators as well as help the children retain Medicaid benefits.

Evaluations encompass a broader range of outcome measures

States typically use their evaluation efforts to target client outcomes that go beyond the outcome measures that can be captured through administrative data. While the routine tracking of outcome measures is timely and efficient, it is often limited by data elements designed to accommodate administrative needs. Evaluations, in contrast, offer the ability to capture a broad range of information.

Many evaluations include outcome measures that move beyond the basic economic security concerns of welfare dependency and self-sufficiency that States typically tracked via administrative databases. Evaluations tend to use a broad range of outcome measures to examine outcomes of TANF on the overall physical and social well-being of children and families. They strive to answer the harder question of "is the family better off?".

Typical of the outcome measures States are generating from these types of evaluations is child well-being. This measure may include such indicators as: child care arrangements, abuse and

neglect, foster care caseload, child custody information, school attendance, immunizations and developmental outcomes. Family well-being is another measure often assessed through evaluations. This measure may include such indicators as: family structure and stability, housing arrangements, substance abuse and domestic violence. Other issues States are addressing through evaluations include housing, health care and transportation.

Evaluations provide a more sophisticated analysis of outcome measures

Although most evaluations cannot establish a causal link between TANF programs and client outcomes, they do offer a more accurate and reliable picture of client outcomes by allowing for the analysis of several variables and their interrelationships. Data matching between administrative databases is still in the early stages of implementation in most States. In addition to the early stage, administrative databases are limited by the data collected. Consequently, many States are turning to evaluations to answer not only complex questions regarding client outcome but also to add rigor to their analysis and collect measures that are not available through administrative data.

Evaluations focus on such questions as: what are the outcomes of time limits on clients, what are the outcomes of work first and post-employment services on job entry and job retention and how do clients who voluntarily leave the welfare rolls support themselves. Iowa is planning an evaluation that will examine the effect of parents moving from unemployment to employment on children and families. Alaska is planning to examine the long-term effects of their TANF program on substance abuse and domestic violence within families.

Despite the complexity and sophistication of some States' evaluation plans, evaluations are often compromised by low response rates and other technical considerations. Tracking former welfare clients to assess the long-term effects of TANF is a difficult, time-consuming task. It is often impossible to locate former clients for follow-up interviews due to frequently shifting housing arrangements. The inability to reach families by telephone and competing resource demands also hamper States' efforts to locate former clients. Beyond the task of locating former clients, securing their cooperation to answer questions can also present a problem. One State reported the outcomes of an evaluation with only 18 percent of former clients responding. Other considerations include sampling bias and the validity of responses that are presented to be representative of the State.

Few States believe their current efforts to monitor outcomes of welfare reform are sufficient.

Only 10 States believe their current efforts to monitor outcomes of their welfare reform programs to be sufficient. Thirty-seven State respondents thought their present assessment efforts were not sufficient to fully determine outcomes of their welfare reform programs. However, many of these

States believe that their current, planned or envisioned evaluations, when completed, will provide them with sufficient information to judge outcomes of their programs.

Of the 10 States that believe their current efforts to be sufficient, 5 are using both administrative data and evaluations to monitor outcomes of welfare reform. The remaining five monitor impact either through outcome measures using their administrative data systems or through evaluations. There appears to be little relationship between the breadth of State efforts to monitor outcomes of welfare reform and respondents' beliefs in the sufficiency of information they are currently collecting.

Overall, the data believed to be essential to determine outcomes of welfare reform programs is varied. In some cases, this belief is dependent on the capabilities of their data systems (e.g. inter- and intra-departmental programs interface) or resource limitations. Barring any such restrictions, many respondents (both those that believe their efforts to be sufficient and those that do not) wish to track welfare clients off assistance over extended periods of time, ranging from 1 to 10 years. These evaluations, often longitudinal, would focus primarily on self-sufficiency and economic, family and child well-being after clients have left cash assistance.

ISSUES FOR CONSIDERATION

As previously stated, the intent of this study was to provide descriptive information regarding State efforts to measure the effects of their TANF program. With a 41 percent drop in the welfare rolls, from 14 million recipients in January 1993 to 8.4 million recipients in June 1998, policy makers and the public want to know what is happening to families that go off the rolls. This study, along with others, takes the first step in answering that question by documenting the data gathering efforts States are involved in, at this early stage of implementation, to assess the outcomes of their TANF programs.

To gain a more thorough understanding of States' ability to track the outcomes of their programs, successive research efforts need to address a series of issues raised in this report. Issues for future consideration include:

- ▶ exploring the capacity of States to track outcome measures using their administrative databases,
- ▶ validating the data used for the outcome measures,
- ▶ reviewing the quality and scope of States' evaluations, and,
- ▶ assessing the breadth and depth of a State's overall efforts to measure outcomes of welfare reform.

By answering these research questions, we will know if States have been successful, not only in cutting back the welfare rolls, but also in improving the lives of low-income children. As one of the agents in the Department responsible for overseeing program effectiveness and beneficiary protection, the Office of Inspector General is vitally interested in knowing if States have established appropriate client outcome measures.

AGENCY COMMENTS

We received comments from ACF, ASPE and the Assistant Secretary for Management and Budget (ASMB). Their comments are included in Appendix A. We made revisions to the report based on their comments.

Both ACF and ASPE suggested that to ensure that people do not infer that States are conducting studies that can causally link the efforts of welfare reform and the outcomes of clients, we limit our use of the word "impact." In our draft report, we defined the word "impact" broadly to encompass all client-based outcomes associated with TANF intervention and not only those results which could be proven to be causally linked to TANF through the use of experimental methodology. We agree that this could be confusing, so to limit that problem we have replaced the word "impact" with "outcomes" in our report.

The ASMB pointed out that authority for the administration of welfare reform programs rests with the States and that they may be understandably reluctant to volunteer "un-mandated" data

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that is not yet universally accepted as reflecting necessary and appropriate outcomes. However, noting that alternative measures are feasible and are being tested, ASMB suggested that the Department of Health and Human Services' participation in program assessment may appropriately involve facilitating the collaboration of State and Federal stakeholders rather than the traditional forms of oversight. We agree with this observation, and it is in that spirit that we offer this report.

A P P E N D I X A

AGENCY COMMENTS

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DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 800
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

November 10, 1998

To: June Gibbs Brown
Inspector General

From: Assistant Secretary
for Children and Families

Subject: Comments on OIG Draft Report: "Early Efforts by States to Monitor the
Impact of Welfare Reform," OEI-05-98-00130

Thank you for the opportunity to review OIG's latest draft report on efforts by states to monitor outcomes of families leaving assistance under the Temporary Assistance to Needy Families Program (TANF). It is critical to know more about these families than is available through current reporting systems. This report provides a good overview of what states have begun to do in this area and the issues they face in being able to sufficiently track family outcomes.

We offer a few specific comments on this draft report:

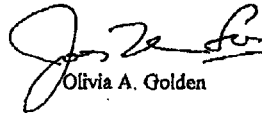
- Pages i and 1: It was good to clarify (page 3) that the report's use of the term "impact" was defined broadly to encompass all client-based outcomes associated with TANF intervention, not only those results which could be proven to be causally linked to TANF. However, because of the potential for misunderstanding generated by using a broader definition of impact, we recommend that you indicate this up-front, as part of the Statement of Purpose.

Alternatively, you could restructure the report to make it clear that it addresses state efforts to monitor both impacts and outcomes. In doing so, your conclusions would emphasize that most state efforts concentrate on measuring a limited number of outcome measures that may not be used to infer a causal link between the program and its effects on families, and that only a few states have put in place evaluations or other initiatives that provide a methodology for directly attributing affects to the TANF program. This latter approach would conform with the textbook definition of

"impact" and provide a more frank assessment about what state monitoring efforts will be able to tell us about the success of the TANF program itself.

- Page ii : In the second sentence we recommend inserting "availability and" before the word "quality." (Reference repeated on page 7)
- Page 3: The last sentence of the first paragraph is unclear. First, both ACF and ASPE are working on common initiatives to evaluate the impact of welfare reform on child well-being. ASPE is also funding "leavers" studies to monitor outcomes of families being diverted from or leaving TANF. We will defer to ASPE on describing the latter.
- Page 9: We cannot clearly follow the last three sentences of the first paragraph. What does it mean to only be able to track outcome measures "globally"? Why can't multiple outcomes be tracked by case using administrative data matches (e.g., unemployment insurance matches for earnings outcomes and health records for child well-being)? Also, States turn to evaluations not only to broaden the scope of monitoring to include measures not available through administrative data (e.g., by using surveys and other instruments), but also to add rigor to their analyses (e.g., to actually determine measured impacts attributable specifically to the program).

Again, thank you for the opportunity to comment on this report. I look forward to collaborating with OIG in future efforts to improve Federal and State capacity to monitor state TANF performance and inform us about a full range of program-related family and child outcomes.


Olivia A. Golden



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

The Assistant Secretary for Planning and Evaluation
Washington, D.C. 20201

NOV 2 1998

TO: June Gibbs Brown
Inspector General

FROM: Margaret A. Hamburg, M.D. *Ann Segal for*
Assistant Secretary for Planning and Evaluation

SUBJECT: Comments on OIG Draft Report: "Early Efforts by States to Monitor the Impact
of Welfare Reform" *DEI-05-98-00130*

Thank you for the opportunity to review and comment on OIG's draft report on efforts by states to monitor outcomes of families who leave the Temporary Assistance to Needy Families (TANF) program. It is critically important that we know what is happening to these families.

Specific comments are outlined below.

Pages i and 1:

We would like to support ACF's comments regarding the definition of the term "impact". It has been inappropriately used in this report to encompass all client-based outcomes under TANF, not only those results which could be proven to be causally linked to changes in welfare policy.

We recommend you restructure the report to make it clear that it addresses state efforts to monitor both impacts and outcomes. As the comments submitted by ACF note, your conclusions should then emphasize that most state efforts concentrate on measuring a limited number of outcomes that cannot be used to infer a causal link between the program and its effects on families, and that only a few states have put in place evaluations or other initiatives that include a methodology for directly attributing effects to the TANF program.

Page ii: Section under "Few States believe their current efforts to monitor the impact of welfare reform are sufficient"

The second sentence of this paragraph is confusing. The definition of evaluation is unclear (see comment above). The sentence states that "Of these 10 states, 5 used both evaluations and administrative data to track client outcomes, while the remaining 5 states used either evaluations or administrative data to monitor the impact of welfare reform." Is the sentence supposed to read "while the remaining 5 used either surveys or administrative data?"

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Page 2 - June Gibbs Brown

Page 3:

The last sentence of the first paragraph, which states, "In addition to the support of ACF, the Assistant Secretary for Planning and Evaluations is working with States through work on child well-being and the use of administrative data to measure the impact of social programs", is unclear. Both ACF and the Assistant Secretary of Planning and Evaluation (note there is no s at the end of evaluation) are working on studies to monitor both the impact and outcomes of welfare reform on families and child well-being. Attached is a summary of welfare reform research, demonstration and evaluation projects that ASPE and ACF are undertaking. I suggest you focus closely on the grants awarded for welfare leavers projects as well as the initiative on advancing states' child indicators initiative. Summaries of those projects are attached. These project specific summaries provide more recent information than the overall summary of ASPE and ACF welfare reform research, demonstration, and evaluation projects.

Page 5:

The fifth sentence, which begins by noting that "a few states are beginning to look at outcomes that measure areas such as child well-being and family well-being" should be changed to note that "only a few states.....".



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

NOV - 4 1998

MEMORANDUM TO: June Gibbs Brown
Inspector General

FROM: John J. Callahan *John J. Callahan*
Assistant Secretary for Management and Budget

SUBJECT: Comments on Draft Report: "Early Efforts by States to Monitor
the Impact of Welfare Reform"

Thank you for the opportunity to review the draft report entitled "Early Efforts by States to Monitor the Impact of Welfare Reform" (OEI-05-98-00130). The report identifies pertinent program outcome assessment issues that warrant consideration by HHS and the States. However, it remains to be seen what role the Department can and should play in addressing these issues. The States have very significant authority for the administration of these programs, and are understandably reluctant to volunteer "un-mandated" data that is not universally accepted as reflecting necessary and appropriate program outcomes. The information in the OIG report suggests that alternative approaches to outcome assessment are feasible and are being tested. As a result, it may be that HHS's participation in program assessment may appropriately involve facilitating the collaboration of State and Federal stakeholders rather than traditional forms of oversight.

We agree also with the report's indication that there will be limitations in virtually any approach to "measuring" the human service outcomes sought under these programs. We must be careful, however, where "measurement" may be impossible or economically infeasible, not to underestimate the value of alternative approaches and data sources that "inform" State and Federal agencies about human service impacts and results.

In one specific instance in the report, we would suggest clarification. Because the outcome-measure categories in the chart on page 5 are not additive to the totals in the chart, we would recommend a clear statement indicating that fact.

Staff should refer questions on this report to Frank Burns, Office of Budget, 690-6353.

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